CITY OF SAN DIEGO
REQUEST FOR COUNCIL ACTION

BUDGET & FINANCE COMMITTEE

COMMITTEE MEETING DATE: February 27, 2013

ORIGINATING DEPARTMENT: San Diego Tourism Marketing District (SDTMD)

SUBJECT: FY2013 Tourism Marketing District
                           Report of Activities - Part I Revised

COUNCIL DISTRICT(S):   Citywide

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DESCRIPTIVE SUMMARY OF ITEM:

Approve the revised FY2013 – Part I Report of Activities for the previous San Diego Tourism Marketing District which reflects actual revenue year to date for the District and updated expenditures and anticipated carry-forward in order to close out the current activities.

Authorize the CFO to appropriate and expend all Fund Balance and Interest Fund Balance from assessment collections generated by the San Diego Tourism Marketing District through December 31, 2012.

STAFF RECOMMENDATION:

1. Approve the requested actions related to the revised FY2013 Report of Activities – Part I

DISCUSSION:

The original San Diego Tourism Marketing District (TMD) was established with an effective term of five years from January 1, 2008 through December 31, 2012 and included the entire City such that lodging businesses with 70 or more rooms were assessed two percent (2%) of eligible gross room revenues to be remitted monthly in arrears to the City with the funding to be used for programs and services to specifically benefit the assessed lodging businesses through such

activities as: marketing of the area; tourism promotion activities; and special events and programs.

The City also entered into a five year agreement with the San Diego Tourism Marketing District (SDTMD) Corporation, formerly San Diego Tourism Promotion Corporation, for operation of the TMD in accordance with the original TMD Management Plan with the agreement running from April 1, 2008 through March 31, 2013.

Council previously approved the FY2013 Report of Activities – Part I which covers the use of the projected assessments levied from July 1, 2012 through December 31, 2012 which were due to the City no later than January 31, 2013. Now that the City has received the majority of the assessments, the FY2013 Report of Activities Part I is being updated to reflect actual revenue for the year to date and any needed refinements to the activities as part of the process of wrapping up the original agreement with the SDTMD Corporation which ends March 31, 2013.

FISCAL CONSIDERATIONS:

Pursuant to Resolution No. R-303226, An additional $1,646,616 of assessment revenue was collect by the City over the projected budgeted amount in FY2013 – Part I. Original budgeted funds available as of June 2012 totaled $17,839,594 which included Projected assessments, projected interest and projected FY2012 carryover. Revised actual funds available total $19,486,210.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): This agreement is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION:
The TMD was established by Resolution No. R-303226 on December 12, 2007 and effective January 1, 2008 through December 31, 2012. The agreement with SDTMD Corporation for management of the TMD was approved by Resolution No. R-303621 on April 28, 2008, effective April 1, 2008 through March 31, 2013. The FY2013 Report of Activities – Part I was approved by Council on June 19, 2012.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:
SDTMD Corporation conducts regular Brown Act noticed meetings. The meetings are open to the public and are typically attended by representatives of lodging industry associations and other tourism-related entities. An opportunity for public comment is provided at each meeting. Budget deliberations by the board are conducted openly at the regular board meetings and applicants are invited to make presentations on funding requests.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
The key stakeholders are San Diego lodging businesses and funded contractors and information has been provided via mail, email blasts, and at open, noticed public meetings.

San Diego Tourism Marketing District

Report of Activities
for
FY2013 - Part I
REVISED

As of February 15, 2013

Overview

The original San Diego Tourism Marketing District (TMD) was established with an effective term of five years from January 1, 2008 through December 31, 2012, and included the entire City such that lodging businesses with 70 or more rooms were assessed two percent (2%) of eligible gross room revenues to be remitted monthly in arrears to the City with the funding to be used for programs and services to specifically benefit the assessed lodging businesses through such activities as: marketing of the area; tourism promotion activities; and special events and programs.

The City also entered into a five year agreement with the San Diego Tourism Marketing District (SDTMD) Corporation, formerly San Diego Tourism Promotion Corporation, for operation of the TMD in accordance with the original TMD Management Plan with the agreement running from April 1, 2008 through March 31, 2013.

Council previously approved the FY2013 Report of Activities – Part I which covers the use of the projected assessments levied from July 1, 2012 through December 31, 2012, which are due to the City no later than January 31, 2013. Now that the City has received the majority of the assessments, the FY2013 Report of Activities Part I is being updated to reflect actual revenue for the year to date and any needed refinements to the activities as part of the process of wrapping up the original agreement with the SDTMD Corporation which ends March 31, 2013.

Included in this report is an updated budget summary for the TMD as a whole, along with supporting detail on the updated budgets for the San Diego Convention & Visitors Bureau (ConVis), the San Diego North Convention & Visitors Bureau (North ConVis), the Variable allocations, Administration, and the Opportunity/Catastrophe reserves.

Revised Budget Summary

UPDATED TOURISM MARKETING DISTRICT (TMD) FUNDS FY2013 – PART I:

Projected Assessments original estimate	$16,118,382
Projected Interest original estimate	50,000
Projected FY2012 Carryover* original estimate	1,671,212
Contributions from Other Sources original estimate	--
Total FY2013 Part I – Budgeted as of June 2012	**$17,839,594**
Adjustment to reflect actual Assessments received through Feb 15, 2013	$ 1,041,349
Adjustment to reflect actual Interest accrued through Feb 15, 2013	--
Adjustment to reflect actual FY2012 Carryover	605,267
Total adjustments	**1,646,616**
Revised Total FY2013 Part I – Funds Available	**$19,486,210**

Revised Activities for FY2013 – Part I
(Pursuant to San Diego Tourism Marketing District Management Plan September 2007)

San Diego CVB (50% of Assessments + Carryover) original estimate	$8,072,354
Adjustment to reflect actual Assessments received through Feb 15, 2013 + carryover	938,883
Total Revised San Diego CVB	**$9,011,237**
San Diego North CVB (10% of Assessments + Carryover) original estimate	$ 1,962,495
Adjustment to reflect actual Assessments received through Feb 15, 2013 + carryover	218,796
Total Revised San Diego North CVB	**$2,181,291**
Total Fixed Allocations original estimate	$ 10,034,849
Total revisions to fixed allocations	1,157,679
Total Revised Fixed Allocations	**$ 11,192,528**
Variable Distribution (32% of Assessments + allocations from Opportunity/Catastrophe Reserve) original estimate	$5,157,882
Adjustment to reflect actual Assessments received through Feb 15, 2013	485,310
Total Revised Variable Distributions	**$5,643,192**
Opportunity/Catastrophe Reserve Distribution (5% of Assessments - allocations to Variable Distributions) original estimate	$2,143,493
Adjustment to reflect actual Assessments received through Feb 15, 2013	(268,569)
Total Revised Opportunity/Catastrophe	**$1,874,924**
Administration (3% of Assessments Collected+Carryover) original estimate	$503,370
Adjustment to reflect actual Assessments received through Feb 15, 2013	$272,196
Total Revised Administration	**$775,566**
Total Activities Expense FY2013 Part I – Budgeted as of June 2012	**$17,839,594**
Total revisions	**1,646,616**
Revised Activities Expense FY2013 Part I	**$19,486,210**

Revised ConVis Budget Summary

The changes to this budget reflect a number of different factors. The base budget was increased to reflect the higher actual assessments collected and to provide for a longer period of operation through March 31, 2013, under the original TMD and Plan before transitioning to the renewed TMD and revised Plan. (The underlying agreement between the SDTMD Corporation and the City for the original TMD runs through March 31, 2013, and the assessments under the renewed TMD aren't anticipated to be available until April or later.) Additional Opportunity/Catastrophe funds were allocated to ConVis to: market San Diego in Asia to take advantage of the new non-stop Japan Airlines flight from Tokyo to San Diego; to support activities for film and commercial production in San Diego; and for district close out costs and audit costs.

San Diego Convention and Visitors Bureau (Base Portion of Integrated Scope of Work)

Subtotal Sales Expenses	$1,874,314
Subtotal Marketing Expenses	$3,713,148
Subtotal Operations Expenses	$2,471,729

Total FY2013 - Part I ConVis Expenses – Base Portion original estimate   **$8,059,191**

Adjustment to reflect actual Assessments received through Feb 15, 2013 + carryover
+ other refinements to the scope of activities $952,046

Adjustment to Sales Expenses	$225,204	
Adjustment to Marketing Expenses	$109,129	
Adjustment to Operations Expenses	$617,713	

Revised Total FY2013 - Part I ConVis Expenses – Base Portion   **$9,011,237**

San Diego Convention and Visitors Bureau (Variable Portion of Integrated Scope of Work)

Marketing

Advertising		$3,175,000
Outside Services		$450,000

Total FY2013 – Part I ConVis Variable Distribution original estimate   **$3,625,000**

Adjustment to reflect actual Assessments available through Feb 15, 2013 + carryover
+ other refinements to the scope of activities $306,048

Adjustment to Advertising	$106,048	
Adjustment to Outside Services	$200,000	

Revised Total FY2013 – Part I ConVis Variable Distribution original estimate   **$3,931,048**

Contingency original estimate	$13,163
Revised Contingency	$ 0

Revised North ConVis Budget Summary

The changes to this budget reflect a number of different factors. The budget was increased to reflect the higher actual assessments collected and to provide for a longer period of operation through March 31, 2013, under the original TMD and Plan before transitioning to the renewed TMD and revised Plan. (The underlying agreement between the SDTMD Corporation and the City for the original TMD runs through March 31, 2013, and the assessments under the renewed TMD aren't anticipated to be available until April or later.) Then within the expenditure categories, the North ConVis board approved funding for: a sports promotion implemented through ConVis and the Sports Commission along with a media campaign coordinated by ConVis. Other funding was allocated in Operations for the close out and audit costs.

Subtotal Sales Expenses	$216,125
Subtotal Marketing Expenses	$1,068,523
Subtotal Operations Expenses	<u>$327,190</u>
Total FY2013 - Part I SD North CVB:	**$1,611,838**

Adjustment to reflect actual Assessments received through Feb 15, 2013 + carryover + other refinements to the scope of activities		$569,453
Adjustment to Sales Expenses	$70,000	
Adjustment to Marketing Expenses	$120,000	
Adjustment to Operations Expenses	<u>$379,453</u>	
Revised Total FY2013 - Part I SD North CVB		**$2,181,291**

Contingency original estimate	$350,657
Revised Contingency	$ 0

Administration

San Diego Tourism Marketing District

Subtotal Personnel	$92,926
Subtotal Contract Service	$209,750
Subtotal Operations	$13,764

Total Proposed FY2013 - Part I SDTMD Expenses original estimate $316,440

Adjustment to reflect actual Assessments received through Feb 15, 2013 + carryover + other refinements to the scope of activities $272,196

Adjustment to Personnel	$90,640
Adjustment to Contract Service	$166,890
Adjustment to Operations	$14,666

Revised Total FY2013 - Part I SDTMD $588,636

City of San Diego Administration Allowance $186,930

Actual City administration costs are reimbursed from the TMD fund up to a capped amount each fiscal year.

Revised Total Administration $775,566

Variable Distributions

The FY2013 - Part I Variable Distribution original estimate was $5,157,882. Additional incremental applications were considered by the SDTMD Board during the year and additional allocations were made as noted below using Opportunity Catastrophe funds.

Competitive Annual Funding Recommendations original allocations

BT B-Art, Inc: Art SD / Arts Month SD (September)	$25,000
California State Games	$100,000
ConVis Integrated Incremental	$3,625,000
Craft Brewers Guild Beer Week	$74,900
San Diego Bayfair	$80,600
San Diego Bay Wine and Food Festival	$65,800
San Diego Bowl Game Association	$450,000
San Diego Crew Classic (Marketing Portion for FY2013 –Part I)	$22,890
San Diego Spirits Festival	$25,000
San Diego Sports Commission	$355,250
Unallocated	$333,442
Total Proposed FY2013 - Part I Variable Funding Original Allocations	**$5,157,882**

Additional Allocations

ConVis Integrated Incremental	$306,048
ConVis Japan	$250,000
ConVis Film Commission	$100,000
San Diego Crew Classic – additional marketing/promotions	$90,110
Balboa Park – Centennial 2015	$72,594
Less: previously unallocated variable distributions	$(333,442)
Total revised FY2013 – Part I Variable Funding Allocations	**$5,643,192**

Opportunity/Catastrophe Reserve

Five percent of FY2013 - Part I original estimated TMD Assessments	$805,919
FY2012 original Projected Principal and Interest Carryover	$1,287,574
Projected Interest to be earned in FY2013 original estimate	$ 50,000
Net Opportunity/Catastrophe Reserve original estimate	**$2,143,493**
Adjustment to reflect actual Assessments received through Feb 15, 2013	
- other allocations for Variable Distributions	$(268,569)
Revised Total FY2013 - Part I Opportunity/Catastrophe Funds available	**$1,874,924**

Additional Allocations

Close out and audit costs	$45,000
Renewal Expenses	$329,924
Legal Retainers	$1,500,000
Total additional allocations	**$1,874,924**

Attachment I
SDTMD
Agreed Upon Procedures
Program Recipient Return on Investments
Calculations
Fiscal Year Ended June 30, 2012
(FY2012 Performance Audits ROI Report)

California State Games
Competitor Group - Rock & Roll Marathon
San Diego Brewers Guild: Beer Week
San Diego Bay Wine & Food Festival
San Diego Bowl Game Association
San Diego Crew Classic
San Diego Sports Commission – Base Program
San Diego Sports Commission – SDSEA America's Cup World Series
San Diego Sports Commission – ECNL Soccer
San Diego Bayfair – Thunderboats
San Diego Maritime Museum – Three Voyages to Paradise
San Diego Natural History Museum – Titanic Artifact Exhibit

53 pages

San Diego Tourism Marketing District

AGREED-UPON PROCEDURES
PROGRAM RECIPIENT RETURN ON INVESTMENT
CALCULATIONS – INCREMENTAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 2012

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ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
San Diego Tourism Marketing District
San Diego, California

We have performed the procedures enumerated below, which were agreed to by San Diego Tourism Marketing District ("TMD"), solely to assist you with respect to testing selected Return on Investment ("ROI") calculations provided by TMD program recipients. TMD is responsible for oversight of program recipient ROI procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of TMD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings related to the following programs: California State Games; Competitor Group, Inc – Rock "n" Roll Marathon and ½ Marathon; San Diego Brewers Guild: Beer Week; San Diego Bay Wine & Food Festival; San Diego Bowl Game Association; San Diego Crew Classic; San Diego Sports Commission - Base Programs, SDSEA America's Cup World Series, and ECNL Soccer; San Diego Bayfair – Thunderboats; San Diego Maritime Museum - Three Voyages To Paradise; and San Diego Natural History Museum - Titanic Artifact Exhibit. Our procedures and findings for these programs are documented in Exhibit I.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of TMD and its board of directors and is not intended to be and should not be used by anyone other than those specified parties.

Robert R. Redwitz & Co.

ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

La Jolla, California
January 23, 2013

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AGN

EXHIBIT I

To the Board of Directors
San Diego Tourism Marketing District

California State Games

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a. We obtained a copy of the detailed ROI calculation for California State Games ("CSG"). TRN were calculated based on a combination of actual room nights received from hotels where rooms were blocked and estimated room nights for the teams reporting that they stayed at other hotels without room blocks. For the 2011 State Games of America and the 2012 California Winter Games, CSG staff reviewed their database of athletes/teams that shows where they were traveling from, which part of town their hotels were located, and how many days they stayed, and used the number of out-of-town athletes/teams to estimate TRN. CSG also obtained hotel pick-up reports reflecting actual room nights to support a portion of the estimated TRN.

1b. CSG states that the events would have taken place regardless of TMD funding, but the TMD funding enabled CSG to recruit more teams to participate and track hotel room nights more efficiently. No funding was received from other sources for marketing or housing. There was no attempt to measure the incremental impact in TMD room nights in reference to TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.

California State Games (continued)

Procedure (continued)

        iii. If TRN data is generated or validated by an outside consultant, obtain report.

        iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.

  d. Agree funding amount to award contract.

  e. Recalculate ROI and report any discrepancies or mathematical errors.

Finding

2a. The ADR used in the ROI calculation for the 2011 State Games of America and the 2012 California Winter Games was based on the weighted average ADR calculated from actual room rates of the host hotel room blocks times room nights by hotel. We obtained copies of the hotel pick up report for eight of the room blocks and agreed the room rates to the CSG ADR calculation except for the following discrepancies. The ROI calculation in the CSG Annual Report was completed before the final room blocks were collected from the host hotels. We recalculated the weighted average ADR with the final actual room rates and hotel room blocks for each event. The ADR for the 2011 State Games of America used in the ROI calculation in the Annual Report was $127.52 while our calculation resulted in a revised ADR of $126.25, a decrease of $1.27. The ADR for the 2012 California Winter Games used in the ROI calculation in the Annual Report was $122.46 while our calculation resulted in a revised ADR is $118.08, a decrease of $4.38.

2b.i We obtained a summary of actual room blocks from hotel pickup reports. The actual room blocks are included in the estimated room nights calculated based on the number of out-of-town athletes/teams to each event.

2b.ii We selected 8 hotels and found that the room block reports reflect 30 room nights less than the number of actual room nights claimed by CSG.

2b.iii See Schedule B attached.

2c.i. TRN are estimated based on the number of out-of-town athletes/teams to the summer and winter events. Athletes/teams entered their information into CSG's registration database that showed where they were traveling from, how many days they stayed, and what sport they competed in which relates to which part of town their hotels were located. They also entered how many additional athletes and their families stayed at hotels in San Diego near their venue. CSG staff ran registration reports by sports, sorted by zip code, and counted out-of-town athlete/teams. The number of out-of-town athlete/teams was multiplied by the average number of room nights based on the length of each event to arrive at the estimated TRN. CSG used room blocks at TMD hotels only and all venues are close to TMD hotels, however, athletes/teams may choose to stay at other hotels for most of the events. TRN were estimated with no attempt to isolate only TMD room nights.

2c.ii. This procedure is not applicable. The data collected did not rely on sampling.

2c.iii. The procedure is not applicable. TRN data was generated internally.

2c.iv. We traced TRN from the source data described in procedure 2c.i above to the detailed ROI calculation. CSG claimed 23,415 room nights for the 2011 State Games of America and 2,408 for the 2012 California Winter Games while the source data reflected 25,949 and 2,928

California State Games (continued)

Finding (continued)

room nights, respectively. A total difference of 3,054 room nights is due to the fact that the average room nights per stay used to estimate hotel room nights by CSG was revised from 3 to 3.5 for the 2011 State Games of America and 2.5 to 3 for the 2012 California Winter Games. Of 28,877 estimated TRN, 6,246 are actual TMD room nights collected from room block pickup reports.

2d. The funding amount reported by TMD was $125,000 for FY 2012 annual funding, which agrees to the amount reported by CSG in its detailed ROI calculation. However, the amount requested by CSG in its award contract was $100,000 for FY 2012. The difference of $25,000 was received by CSG in 2009 for part of the bid fee for the 2011 State Games of America.

2e. We recalculated ROI using the TRN and ADR from the data collected through hotel pickup reports and CSG's database. We also recalculated the ADR of the actual hotel room blocks. The discrepancies are described in procedure 2a and 2c.iv above. With a consideration of the aforementioned discrepancies, we arrived at the revised TRN of 28,877 and the revised total hotel revenue of $3,621,799. The revised ROI is 28.98:1, 2.73 higher than originally stated in the FY 2012 Annual ROI Report, which was 26.25:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

Competitor Group, Inc. – Rock 'n' Roll San Diego Marathon and ½ Marathon

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:

   a. Method used in calculating total room nights (TRN).

   b. How incremental room nights were taken into account.

Finding

1a.   We obtained a copy of the detailed ROI calculation for Competitor Group, Inc. - Rock & Roll San Diego Marathon and ½ Marathon ("Competitor Group"). TRN reported were based on estimated historical room nights reported in the original funding request plus the 2012 estimated incremental room nights generated from the 2012 Rock & Roll Marathon event attributable to TMD funding. Competitor Group conducted a post-race participant survey to collect data on the event and engaged the San Diego State University Sports MBA program ("SDSU-MBA") to conduct an economic impact study on the event. The survey was sent via email to all participants who finished the event and collected online for a period of 2 weeks. In the survey, participants were asked how they heard about the event, whether they stayed in a hotel in the San Diego area, which hotel they stayed at, the approximate room rate of the rooms booked in the hotel, their travel party size, how many rooms for their travel party per night during the stay, how many runners in their party, and how many nights they stayed in a hotel. In the Economic Impact Study, data collected through the survey was used to estimate the number of out-of-town visitors, including event participants and spectators. The estimated percentage of event participants who stayed in hotels during their visit in San Diego was extrapolated to all out-of-town visitors to arrive at an estimate of total hotel visitors. With data collected from the survey, SDSU-MBA estimated the average number of room nights per stay which was multiplied by the estimated number of total hotel visitors to arrive at the total estimated number of room nights generated from the event. To estimate incremental TMD room nights, Competitor Group extrapolated the percentage of participants who learned about the event from the marketing campaign made by TMD funding and also stayed in hotels during their visit to total registered participants. The estimated number of participants who learned about the event due to the marketing effort with TMD funding and also stayed in hotels was multiplied by the estimated average room nights per stay to arrive at the estimated incremental TMD room nights. The Economic Impact Study estimated TRN generated from all the visitors coming to San Diego for the event based on the survey results while Competitor Group estimated incremental TMD room nights for event participants specifically attributable to TMD funding. However, the survey question used to measure the incremental impact in TMD room nights from TMD funding was not mutually exclusive.

1b.   As described in 1a above, the survey asked the respondents how they heard of the event in order to identify the percent that heard of the event from TMD funded advertising. This resulted in estimated incremental room nights of 11,625 for registered participants, incremental TMD hotel revenue of $1,953,581 and an incremental ROI of 5.58:1. Without TMD funding, Competitor Group states that the event would not be able to attract as many people and would not be as large of an event. Only TMD funding was taken into account in the ROI calculation.

Competitor Group, Inc. – Rock 'n' Roll San Diego Marathon and ½ Marathon (continued)

Procedure

2. Test ROI calculation:

    a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.

    b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):

        i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.

        ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.

        iii. If production report summarizing TRN by TMD hotel is available, provide schedule.

    c. For TRN projected from sample data:

        i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.

        ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.

        iii. If TRN data is generated or validated by an outside consultant, obtain report.

        iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.

    d. Agree funding amount to award contract.

    e. Recalculate ROI and report any discrepancies or mathematical errors.

Finding

2a.   The ADR of $168.05 applied to incremental TMD room nights is the average of room rates reported in the survey.   We traced the ADR of $168.05 to a summary of the survey results.   The ADR of $164.74 applied to historical room nights reported in the ROI calculation was a historical rate used in Targeted 2012 ROI at the time of grant application.

2b.i. We obtained a summary of actual room blocks from hotel pickup reports.   Competitor Group assumed that these actual room blocks are included in the estimated room nights from the survey.

2b.ii. We selected 6 hotels and found that the room block reports reflect 368 room nights more than the number of actual room nights reported by Competitor Group.   The actual room nights are part of the estimated room nights calculated from the Economic Impact Study conducted by SDSU-MBA for the total number of room nights which were used to recalculate ROI in procedure e below.

2b.iii. See Schedule C attached for actual room blocks from hotel pickup reports.

Competitor Group, Inc. – Rock 'n' Roll San Diego Marathon and ½ Marathon (continued)

<u>**Finding (continued)**</u>

2c.i. The Economic Impact Study performed by SDSU-MBA is based on the post-race participant survey results collected by Competitor Group, as described in procedure 1a above. A total of 4,799 responses were collected, a 19% response rate. The 2012 Economic Impact Study by SDSU-MBA for the Rock & Roll Marathon event was based on the survey results to estimate TRN that were generated from participants, spectators, and vendor employees at the event. However this was not used for the ROI reported. Competitor Group also obtained TMD hotel room block reports to provide further support of actual room nights included in estimated TRN from the survey results. Estimated incremental room nights were based on survey results reflecting 7% of respondents learned about this event from advertising in Runner's World magazine, 28.5% from online advertising, and 0.5% from grass roots campaign for a total of 36% of participants that heard of the race from marketing initiatives attributed to TMD funding. The respondents were asked how they heard of the event and were instructed to select all sources that applied, therefore a respondent may have identified more than one as the source of information. Competitor Group applied the 36% of participants who reported learning of the race from TMD advertising to the 30,097 registered participants extrapolating to 10,834 people who registered for the event due to the marketing campaign with TMD funding. Of 10,834 people, survey results reflect 78.6% came from out of town and 78% stayed at hotels. In addition, survey data collected on the average travel party size, the average length of stay, and average rooms per night resulted in an average room night stay of 1.75 for each registered participant resulting in 11,625 incremental TRN due to TMD funding.

2c.ii. We obtained the survey data collected by Competitor Group, which was analyzed by SDSU-MBA. The study analyzes the post race participant survey results collected by Competitor Group, as described in 2c.i. We relied on the 2012 Economic Impact Study prepared by SDSU-MBA for the total number of room nights used to recalculate ROI in procedure e below.

2c.iii. We obtained a copy of the 2012 Economic Impact Study report prepared by SDSU-MBA for the Competitor Group – 2012 Rock 'n' Roll San Diego Marathon & ½ Marathon.

2c.iv. We recalculated projected TRN from source data as described in procedure 1a above and traced TRN to the ROI calculation. Competitor Group claimed 53,391 room nights consisting of historical room nights of 41,766 and 2012 incremental TMD room nights of 11,625 in reference to TMD funding. However, the 2012 Economic Impact Study by SDSU-MBA reflected a total of 42,032 out-of-town visitors and 31,028 visitors who stayed in hotels. TRN of 54,410 for participants, spectators, and vendor employees were projected from the estimated number of visitors staying at hotels times an estimated average room night stay of 1.75 based on the survey. Of 54,410 room nights, 11,625 were estimated incremental room nights specifically attributable to the marketing effort with TMD funding. Compared to Competitor Group's claimed room nights of 53,391, the Economic Impact Study represented an increase in TRN of 1,019.

2d. The funding amount reported by TMD was $350,000 for FY 2012 annual funding, which agrees to the amount requested by Competitor Group in its award contract. We agreed the funding amount to the amount reported by Competitor Group in its detailed ROI calculation.

To the Board of Directors
San Diego Tourism Marketing District

Competitor Group, Inc. – Rock 'n' Roll San Diego Marathon and ½ Marathon (continued)

Finding (continued)

2e. We recalculated ROI using the TRN and total hotel revenue from the data collected through the post-race participant survey and the Economic Impact Study by SDSU-MBA and arrived at the revised TRN of 54,410 and the revised total hotel revenue of $9,143,601, using the ADR of $168.05 reported in the survey. The revised ROI is 26.12:1, 0.88 higher than originally stated in the FY 2012 Annual ROI Report, which was 25.24:1. The ROI is attributable to all marketing efforts rather than just TMD funded advertising.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Brewers Guild: Beer Week

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a. We obtained a copy of the detailed ROI calculation for San Diego Brewers Guild: Beer Week ("Beer Week"). TRN included actual room nights reported by web survey respondents who purchased event tickets through ARES and estimated room nights extrapolated from results of information collected through intercept surveys conducted by the Beer Week volunteers and analyzed by VisionQuest.

1b. Without TMD funding, Beer Week states they would have had minimal exposure and would not have driven any tourism to San Diego. There would have been no room nights generated without TMD funding. Only TMD funding was taken into account in the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Brewers Guild: Beer Week (continued)

Finding

2a. We were unable to trace the ADR of $129.93 used in the detailed ROI calculation to the San Diego City Performance Report provided by STR. The City ADR for November 2011 (the month the event was held) in the San Diego City Performance Report was $120.94. Beer Week used the ADR of $129.93 obtained from SDTMD at the time of ROI reporting based on 2012 San Diego Hotel Sector Forecasts published by Tourism Economics, a division of a global economics firm that conducts forecasts for STR. If we used the ADR from the San Diego City Performance Report, the total hotel revenue would be decreased by $32,472.

2b.i Beer Week used a web survey conducted by Advanced Reservation Systems Inc. (ARES) through the Beer Week website to capture hotel room nights at the time of event ticket purchase. The survey included questions regarding home location, whether or not Beer Week was the main purpose for visiting, if the attendee was staying in a hotel, where the hotel was located, and TRN during their stay. A total of 1536 respondents completed the web survey. Only survey responses from attendees who stayed in a hotel and whose main purpose of visiting San Diego was to attend Beer Week events were used. Of 1536 responses, 55 responses were usable responses. The web survey was an actual count of room nights for the 55 responses, which generated 139 room nights.

2b.ii This procedure is not applicable. The web survey was used to capture the portion of actual room nights.

2b.iii Beer Week does not prepare a report that summarizes TRN by TMD hotel property.

2c.i. In addition to the web survey, intercept surveys were conducted at Beer Week events to estimate hotel room nights. The Beer Week volunteers performed intercept surveys designed by VisionQuest during 17 events, which consisted of 3 large events, 7 medium sized events and 7 small events. Survey questions were aimed at identifying whether or not attendees were staying at hotels and if Beer Week was the main reason for their stay. The surveys also asked how many events they would attend and how many room nights they would stay to estimate an average number of room nights per event. Intercept surveys excluded attendees who had previously answered hotel-related questions online during their ticket purchases. All data collected were processed and analyzed by VisionQuest in addition to online tracking of ticket sales and bookings. Of 400 intercept surveys completed, 145 responses, or 36.3%, were usable responses and indicated 15.97, 4.14 and 6.38 average room nights per event for large, medium and small sized events, respectively. The results were multiplied by the actual number of each size of event during the Beer Week to project an estimated number of hotel room nights of 48, 29 and 3,396 for large, medium and small sized events, respectively. VisionQuest does not currently identify that all hotels are within the TMD district but a small sub-sample of surveyed respondents were asked their hotel name during data collection and the hotel was cross-matched with the list of TMD properties. Based on the sub-sample VisionQuest feels confident that the majority of hotels where room nights were generated are TMD properties. There was no estimate of non-TMD hotels made in the ROI calculation. VisionQuest designed the criteria used in the surveys and the report and believed the measurement of estimated room nights was appropriate.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Brewers Guild: Beer Week (continued)

Finding (continued)

2c.ii. This procedure is not applicable. We relied on the 2011 San Diego Beer Week Room Night Analysis prepared by VisionQuest for the total number of hotel room nights reported in the ROI calculation.

2c.iii. The TRN data was generated by VisionQuest. We obtained a copy of the report on the room night analysis regarding the 2011 San Diego Beer Week.

2c.iv. We recalculated and traced the TRN calculations to the source data collected by Beer Week and analyzed by VisionQuest as described in procedures 2b and 2c.i above and agreed to the ROI calculation.

2d. The funding amount reported by TMD was $74,900 for FY2012 annual funding, which agrees to the amount requested by Beer Week in its award contract. Beer Week used actual reimbursements of $68,191, $6,709 less than the total funding requested by Beer Week, in its detailed ROI calculation.

2e. We recalculated ROI using the TRN from the data collected by VisionQuest, the ADR from the San Diego City Performance Report, and the actual TMD funding reimbursement. The discrepancies were described in procedure 2a and 2d above. With a consideration of the aforementioned discrepancies, we arrived at the revised total hotel revenue of $436,835. The revised ROI is 6.41:1, 0.47 lower than stated in the Beer Week ROI Annual Report, which was 6.88:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bay Wine & Food Festival

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a.   We obtained a copy of the detailed ROI calculation for San Diego Bay Wine & Food Festival ("Bay Festival"). TRN was calculated based on room nights generated from customers, exhibitors/sponsors, and trade/media representatives who stayed in a hotel and came to San Diego specifically for the FY 2012 Bay Festival. The information for customer room nights was collected internally based on an online survey at the time of ticket purchase through Complete Ticket Solutions ("CTS"), which is a third party ticketing agency. The information for exhibitor/sponsor and trade/media representative room nights was collected internally based on post-event surveys through Constant Contact, an online marketing company. Bay Festival management estimated additional room nights booked by customers who received complimentary tickets and thus were not reflected in CTS's numbers. Additionally, a third party hotel agent, Conference Housing, was utilized to book room nights for customers who chose to stay within various hotel room blocks.

1b.   There was no attempt to isolate only TMD room nights associated with TMD funding. With the TMD funding, hotel room nights grew significantly for the FY 2012 Bay Festival. Only the TMD funding was taken into account in the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bay Wine & Food Festival (continued)

Procedure (continued)

d. Agree funding amount to award contract.
e. Recalculate ROI and report any discrepancies or mathematical errors.

Finding

2a.   We agreed the average room rate used in the detailed ROI calculation to the hotel pickup report by Conferencing Housing. The average room rate used in the ROI calculation was $170.00, which was the weighted average hotel room rate of room nights booked through Conference Housing.

2b.i. We obtained a summary of actual room nights sold reported by Conference Housing. The actual room nights sold were used to support room nights estimated from exhibitor/sponsor and trade/media survey.

2b.ii. This procedure is not applicable. Hotel room blocks were tracked by Conference Housing, a third party hotel agent.

2b.iii Bay Festival does not prepare a report that summarizes TRN by TMD hotel property.

2c.i. Bay Festival management gathered data on hotel room nights in a variety of ways. They conducted an online survey with mandatory responses at the time of ticket purchase through CTS. During the survey, customers were asked questions regarding the location and the number of hotel room nights booked during their stay for the Bay Festival and the main reason for their visit to San Diego. Of 819 completed questionnaires, 240 respondents, or 29.3%, indicated that they stayed in a hotel with the FY 2012 Bay Festival as the main reason for their visit. VisionQuest applied 29.3% to the total customer attendance of 9,695 with an average of 2.43 room nights per stay to project the number of customer room nights. Due to the fact that the surveys did not ask whether individuals shared a room or had their own room, VisionQuest estimated customer room nights based on three scenarios that each individual shared a room, that half of the group shared a room, and that everyone had his/her own room, and projected a range of hotel room nights for customers from 3,451 – 6,903. To estimate room nights booked outside the room blocks, Bay Festival management conducted post-event surveys among exhibitors/sponsors and trade/media representatives. The surveys asked which hotel they stayed at and how many room nights during their stay, but did not ask whether the Bay Festival was the primary reason that they came to San Diego. Exhibitors/sponsors and trade/media representatives were assumed to be here primarily for the Bay Festival. A total of 123 exhibitors/sponsors were surveyed, and approximately 85% stayed at a San Diego hotel during the FY 2012 Bay Festival for an average of 2.7 room nights. A total of 319 individuals from 123 exhibitors/sponsors attended the festival. Based on the same scenarios described above, VisionQuest projected a range of hotel room nights for exhibitors/sponsors from 366 – 731. A total of 80 trade/media representatives were surveyed, and approximately 75% stayed at a San Diego hotel during the festival for an average of 3.2 room nights. A total of 134 representatives attended the festival. Using the same scenarios described above, a range of hotel room nights for trade/media representatives was projected from 161 – 323. Bay Festival management estimated additional 141 room nights utilized by customers who were provided with complimentary tickets to the festival and not reflected in the number from CTS. A Conference Housing hotel

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bay Wine & Food Festival (continued)

Finding (continued)

pickup report with actual hotel room nights sold was also obtained to support the room nights estimated from the surveys. The data collected did not delineate that all room nights were for TMD hotels; however, based on the survey results, VisionQuest indicated that the majority of room nights seemed to be consumed within City of San Diego.

2c.ii.. We obtained the survey data and traced to the VisionQuest report. See procedure 2c.iv below.

2c.iii. TRN data was collected by Bay Festival. VisionQuest can only validate the data that was provided but not the methods used during the collection process. We obtained the TRN analysis report prepared by VisionQuest.

2c.iv We traced the customer room night range of 3,451 - 6,903 on the VisionQuest report to the survey provided by CTS and noticed that 197 respondents, representing 24.05%, indicated that they stayed at a hotel with the festival as the main reason for their visit for an average of 2.97 room nights per stay. We recalculated the range of customer room nights using our findings and arrived at 3,462 – 6,925. VisionQuest report reflected the customer room night range of 3,451 – 6,903, with a difference of 11 – 22 room nights. We also traced the room nights for exhibitors/sponsors and trade/media representatives from the survey data to the VisionQuest report and agreed the room nights reported by VisionQuest. The TRN used in the detailed ROI calculation is the average of an estimated range of total hotel room nights. With the information described above, we recalculated the TRN range of 4,130 – 8,120 and arrived at the average TRN of 6,125, 16 room nights more than originally reported by Bay Festival.

2d. The funding amount reported by TMD was $75,000 for FY 2012 annual funding, which agrees to the amount requested by Bay Festival in its award contract. However, per the TMD audit, Bay Festival only had reimbursement of $70,907, $4,093 less than originally reported by Bay Festival in its ROI calculation.

2e. We recalculated the ROI using the data reported by VisionQuest, the ADR of $170.00 provided by Conferencing Housing hotel pickup report, and the actual TMD funding reimbursement. The discrepancies are described in procedure 2a, 2c.i, 2c.iv, and 2d above. With the consideration of aforementioned discrepancies, we arrived at the revised total hotel revenue of $1,041,250, resulting in the revised ROI of 14.68:1, 0.84 higher than originally reported in the Bay Festival annual ROI report, which was 13.84:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bowl Game Association Program

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a. We obtained a copy of the detailed ROI calculation for San Diego Bowl Game Association. TRN were a combination of estimated room nights generated from spectators to San Diego and actual room nights generated from teams and bands for the 2011 Holiday Bowl and Poinsettia Bowl Games. The estimated room nights were projected based on a study performed by the San Diego State University Center for Hospitality and Tourism Research ("SDSU"). SDSU was engaged by San Diego Bowl Game Association to measure the total economic impact of the Holiday Bowl and the Poinsettia Bowl in San Diego by conducting surveys from randomly-selected attendees on game days. A team of interviewers were assigned strategic locations around Qualcomm Stadium during the pre-game activities on each Bowl day to conduct intercept-surveys. The actual room nights were provided to SDSU directly from TMD hotels that accommodated teams and bands for the Bowl games and were included in the SDSU's 2011 Holiday and Poinsettia Bowl Economic Impact Analysis.

1b. In order to estimate the effect of incremental room nights, during the survey, SDSU asked the attendees if the Bowl games were the main reason for visiting San Diego. Only those attendees who came to San Diego specifically to attend the Bowl games were used in the total estimated room night calculations. Without TMD funding, the Bowl Game Association states that its long-term operation would be seriously at risk from a financial perspective. Only TMD funding was taken into account in the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.

San Diego Bowl Game Association Program (continued)

<u>Procedure (continued)</u>

           iii. If TRN data is generated or validated by an outside consultant, obtain report.

           iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.

    d. Agree funding amount to award contract.

    e. Recalculate ROI and report any discrepancies or mathematical errors.

<u>Finding</u>

2a.   The average room rate was determined using the data collected in the surveys. The economic impact survey by SDSU reflects ADR of $115.53 for the Holiday Bowl and ADR of $117.00 for the Poinsettia Bowl. The average room rate of $116.27 used in the detailed ROI calculation is the average ADR for the two events and not a weighted average room rate calculated from estimated TRN for each Bowl game times ADR for each Bowl game.

2b.i.   We obtained a summary of actual room nights reported by TMD hotels from SDSU.

2b.ii.   The Economic Impact Analysis conducted by SDSU includes actual room nights generated from teams and bands. SDSU contacted all ten TMD hotels that accommodated teams and bands to obtain definite room nights. We selected two hotels to re-perform the procedure and agreed the number of actual room nights reported in the Economic Impact Analysis by SDSU.

2b.iii.   See Schedule D attached for actual room nights from TMD hotels.

2c.i.   Source data was collected through surveys of spectators of each Bowl game conducted by SDSU. 766 interviews were conducted for the Holiday Bowl and 538 interviews were conducted for the Poinsettia Bowl. Based on the announced attendance figures for the 2011 Holiday Bowl and Poinsettia Bowl Games and the surveys, SDSU estimated the numbers of non-local attendees to be 25,510 and 9,252, respectively. The surveys also projected that 84.1% and 88.7% of the non-local attendees came to San Diego for the primary purpose of attending the Holiday Bowl and the Poinsettia Bowl, respectively. Of these non-local attendees, 66% and 84%, respectively, stayed in a hotel for an average of 2.64 and 3.02 room nights, respectively. The results were divided by 1.9 due to the fact that most people share rooms and resulted in estimated spectator room nights of 19,674 and 10,956 for the Holiday Bowl and the Poinsettia Bowl, respectively. Actual room nights obtained directly from hotels by SDSU for the teams and bands were added to the estimated room nights and resulted in estimated TRN of 23,668 and 12,725 for the Holiday Bowl and the Poinsettia Bowl, respectively. A combined total of 36,393 room nights were generated. SDSU designed the criteria used in the report and believe the measurement of estimated room nights was appropriate. The estimated percentages of the Holiday Bowl and the Poinsettia Bowl spectators who came from out of town primarily for attending the Bowl games and stayed in a hotel during their visits in San Diego were extrapolated to all attendees to each Bowl game. Data collected by SDSU during the surveys was used to estimate the average number of room nights per stay. The estimated number of Bowl spectators who stayed in a hotel was multiplied by the estimated average room nights per stay and divided by the factor of people sharing rooms to arrive at the total estimated number of room nights generated by each Bowl game. SDSU did not identify that all hotels are within the TMD district but a small sub-sample of surveyed spectators were asked their hotel name during data collection and the hotel was

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bowl Game Association Program (continued)

Finding (continued)

cross-matched with the list of TMD properties. Based on the sub-sample, SDSU feels confident that the majority of hotels where room nights were generated are TMD properties. There was no estimate of non-TMD hotels made in the ROI calculation.

2c.ii. This procedure is not applicable. We relied on the Economic Impact Analysis provided by SDSU for the total number of hotel room nights reported in the ROI calculation.

2c.iii. We obtained a copy of the Economic Impact Analysis report prepared by SDSU and agreed the findings in the report to the information used in the ROI calculation.

2c.iv. We recalculated and traced the TRN calculations to the source data collected and analyzed by SDSU as described in procedure 2c.i above and agreed to the ROI calculation.

2d. Annual funding reported by TMD was $450,000 for FY2012, which agrees to the amount requested by San Diego Bowl Game Association in its award contract. We agreed the funding amount to the amount reported by San Diego Bowl Game Association in its detailed ROI calculation.

2e. We recalculated the ROI of 9.40:1 using the TRN and ADR from the information provided in the Economic Impact Analysis prepared by SDSU and the TMD funding reimbursement. There were no discrepancies noted.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Crew Classic Program

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a. We obtained a copy of the detailed ROI calculation for San Diego Crew Classic ("Crew Classic"). TRN included participant room nights and spectator room nights. Participant room nights were estimated based on internally generated surveys conducted by Crew Classic staff. All participants of the 2012 Crew Classic event were asked to fill out questionnaires during the mandatory check-in for the event. The questionnaire asked what team they were on, what hotel they stayed at, how many nights they would be staying, and whether or not friends and family traveled with them. From the online registration, Crew Classic knew how many boats a crew had registered. A formula developed by Crew Classic to determine participant room nights was based on historical experience. They took the number of rowers/coaches (10 on average) per boat multiplied by the number of room nights per stay from the crew survey and divided by 2, considering two people shared a room, to calculate the number of hotel room nights for crew participants. To project spectator room nights, Crew Classic contracted with VisionQuest to conduct intercept surveys with randomly-selected attendees during the three-day event and analyzed the data collected. See procedure 2c.i.

1b. There was no attempt to isolate only TMD room nights associated with TMD funding. San Diego Crew Classic has had a hotel program since 2006. Without the TMD funding, San Diego Crew Classic states that it would have hotel room nights generated but registration numbers would have remained static. With the TMD funding, Crew Classic has realized a steady increase in room nights every year. TRN for 2011 with the funding were 7,749 and TRN for 2012 with the funding were 9,218, an increase of 1,469 room nights. Only the TMD funding was taken into account in calculating ROI.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:

San Diego Crew Classic Program (continued)

Procedure (continued)

      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.

      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.

      iii. If TRN data is generated or validated by an outside consultant, obtain report.

      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.

d. Agree funding amount to award contract.

e. Recalculate ROI and report any discrepancies or mathematical errors.

Finding

2a.   The ADR for participant room nights was the average of actual room rates obtained from participating hotels for the 2012 Crew Classic event, which is not a weighted average ADR. We selected a sample of the actual room rates to verify with the hotels and recalculated the ADR. The ADR used in the ROI calculation reported by Crew Classic for participant room nights was $131.32 while our recalculation resulted in the revised ADR of $132.98, an increase of $1.66. The ADR of $146.15 for spectator room nights was obtained from the 2012 San Diego Crew Classic Attendee Room Night Analysis prepared by VisionQuest, which is based on the survey results.

2b.i. TRN used in the ROI calculation for participants was traced to the "2012 Hotel Room Night Tracking", which shows a summary of the data collected from the direct survey of crew teams attending the 2012 Crew Classic event. The breakdown lists the name of the crew team by boat, their length of stay during the event, as well as estimated room nights for each boat. We found that 652 room nights at unknown hotels and 145 room nights at hotels not within the TMD district were included in the "2012 Hotel Room Night Tracking." If we adjust the ROI calculation for the 652 room nights at unknown hotels and the 145 non-TMD room nights, there would be a decrease in participant room nights of 797.

2b.ii. We selected eight crew teams and compared the information on the rowers' questionnaire to the "2012 Hotel Room Night Tracking" chart. We also recalculated hotel room nights associated with each crew using the formula that Crew Classic developed based on historical experience and found discrepancies described in procedure 2b.i above.

2b.iii. Crew Classic does not prepare a report that summarizes TRN by TMD hotel property.

2c.i. The information used to project spectator room nights was collected from surveys conducted by VisionQuest during the three days of the event. Questions asked in the survey included whether or not the Crew Classic event was the main reason for visiting San Diego, what type of accommodation the attendees would be staying at, and how many nights and rooms the attendees would occupy. VisionQuest only included survey responses that indicated the Crew Classic event was the main reason for visiting San Diego in the TRN calculation. Approximately 411 usable surveys resulted from the sampling. VisionQuest obtained the total attendance figure of 12,200 from Crew Classic and estimated non-local attendance figure to be 9,370 based on the survey data collected. The surveys indicated that each person attended for an average of 1.91 days and 97.8% of the non-local attendees came to San Diego for the primary purpose of attending the Crew Classic event. Of these

San Diego Crew Classic Program (continued)

<u>Finding (continued)</u>

non-local attendees, 99.6% stayed in a hotel for an average of 2.73 room nights. The results were divided by 2.35 due to the fact that most people share rooms and resulted in estimated spectator room nights of 5,551. The estimated percentage of spectators who came to San Diego specifically for the Crew Classic event and stayed in a hotel during their visits in San Diego was extrapolated to all non-local attendees to the event. The estimated number of spectators who came to San Diego specifically for the event and stayed in a hotel during their visits was multiplied by the estimated average room nights per person and divided by the number of people that shared a room to arrive at estimated spectator room nights generated from the event. VisionQuest does not currently identify that all hotels are within the TMD district but a small sub-sample of surveyed spectators were asked their hotel name during data collection and the hotel was cross-matched with the list of TMD properties. Based on the sub-sample, VisionQuest feels confident that the majority of hotels where room nights were generated are TMD properties. There was no estimate of non-TMD hotels made in the ROI calculation. VisionQuest designed the criteria used in the report and believed the measurement of spectator room nights were appropriate.

2c.ii. This procedure is not applicable. We relied on the 2012 San Diego Crew Classic Attendee Room Night Analysis provided by VisionQuest for the number of spectator room nights used in the ROI calculation.

2c.iii. The data to estimate spectator room nights was generated and analyzed by VisionQuest. We obtained a copy of the 2012 San Diego Crew Classic Attendee Room Night Analysis report by VisionQuest.

2c.iv. We recalculated and traced the TRN calculations to the source data collected by VisionQuest as described in procedure 2c.i above and agreed to the ROI calculation.

2d. The funding amount reported by TMD was $215,000 for FY2012 annual funding, which agrees to the amount requested by Crew Classic in its award contract. However, per the TMD audit, Crew Classic only had reimbursement of $213,400 for FY 2012, $1,600 less than originally reported by Crew Classic in its detailed ROI calculation.

2e. We recalculated ROI using total estimated hotel room nights generated in this event, the revised ADR provided by participating hotels for participant room nights, the ADR from the surveys conducted by VisionQuest for spectator room nights, and the actual TMD funding reimbursement. The discrepancies were described in procedure 2a, 2b.i, and 2d above. With a consideration of the aforementioned discrepancies, we arrived at the revised TRN of 9,218 and the revised total hotel revenue is $1,298,934. The revised ROI is 6.09:1, 0.41 lower than originally stated in the FY 2012 Annual ROI Report, which was 6.5:1.

<u>Procedure</u>

3. Provide schedule comparing ROI calculations for similar programs.

<u>Finding</u>

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission: Base

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a. There were 34 events that San Diego Sports Commission ("SDSC") supported. TRN were calculated based on actual hotel room pick-up reports, or estimated, based on participant and fan surveys projected from ticket purchases by out-of-town attendees or attendance numbers of the events. Hotel room pick-up reports were used to track room block utilization, and also attendance numbers of the events were collected from information provided by the local organizing committee where applicable. Those numbers were used to estimate room nights based on the type of event and the event length. The data for TRN was collected from hotels and event organizers by SDSC's internal event management team. The following table presents the method for calculating TRN for individual events:

Event Name	Method for calculating TRN
San Diego Classic	Actual room nights from hotel pick-up reports.
USTA Girls 16/18U National Championships	Actual room nights from hotel pick-up reports.
San Diego Old Aztecs Rugby	Actual room nights from hotel pick-up reports.
So-Cal Amateur Softball Association Annual Meetings	Actual room nights from hotel pick-up reports.
2011 Carrier Classic	Actual room nights from hotel pick-up reports.
IGRA Convention & Royalty Competition	Actual room nights from hotel pick-up reports.
Adrenaline Lacrosse High Rollers Tournament	Actual room nights from hotel pick-up reports.
Surf College Cup	Actual room nights from hotel pick-up reports.
Nomads Thanksgiving Tournament	Actual room nights from hotel pick-up reports.
Savvy Cycling Tour	Actual room nights from hotel pick-up reports.
USTA National Hard Court Championships et al.	Actual room nights from hotel pick-up reports.
US Sports Congress	Actual room nights from hotel pick-up reports.
San Diego County Credit Union Poinsettia Bowl	Actual room nights from hotel pick-up reports.
Future Champions Golf Junior Amateur Championship	Actual room nights from hotel pick-up reports.
Bridgepoint Education Holiday Bowl	Actual room nights from hotel pick-up reports.

San Diego Sports Commission: Base (continued)

<u>Finding (continued)</u>

Adrenaline Lacrosse Challenge	Actual room nights from hotel pick-up reports.
Cal State Winter Games	Actual room nights from hotel pick-up reports.
ITF Senior World Championships	Actual room nights from hotel pick-up reports.
MLB RBI Institute	Actual room nights from hotel pick-up reports.
Hot Chocolate 5K	Actual room nights from hotel pick-up reports.
Fullout Cheer Challenge	Actual room nights from hotel pick-up reports.
US Quad Rugby	Actual room nights from hotel pick-up reports.
National Junior High Chess Championships	Actual room nights from hotel pick-up reports.
ITU World Triathlon San Diego	Actual room nights from hotel pick-up reports.
NCAA Women's Water Polo Championships	Actual room nights from hotel pick-up reports.
Memorial Day Weekend Fun Tournament	Actual room nights from hotel pick-up reports.
Pacific Lacrosse Festival	Actual room nights from hotel pick-up reports.
Veterans Cup	Actual room nights from hotel pick-up reports.
Red Dress Run	Actual room nights from hotel pick-up reports.
ASA 18U Gold National Championship- Softball	Estimated room nights were calculated based on 64 participating teams (61 total out-of-town teams); an estimated average of 15 rooms per team and 6 hotel room nights each team consumed was extrapolated to the estimated 5,760 room nights for all teams. In addition, TRN for staff and umpires were estimated at 597 totaling 6,357 room nights.
Perfect Game All-American Classic	A combination of hotel room pick-up reports and estimated room nights was used to project hotel room nights generated by the event; hotel pick-up reports reflected the rooms blocked for participating teams and staff; estimated room nights were calculated based on a survey of attendees; 24% of attendees staying at a hotel an average of 3.6 room nights per stay were used to project the estimated 3,436 room nights for attendees. Total room nights generated by the event were 3,799.
ABA BMX US Open Nationals	Estimated room nights were calculated based on a survey of 381 attendees (62% of total out-of-town attendees); an estimated average of 2.5 hotel room nights each consumed was extrapolated to the estimated 2,704 room nights for all teams.

San Diego Sports Commission: Base (continued)

Finding (continued)

USA BMX So Cal Nationals & UCI/BMX Supercross	*Estimated room nights were calculated based on a survey of 440 attendees (59% of total out-of-town attendees); an estimated average of 3.19 hotel room nights each was extrapolated to the estimated 3,878 room nights for all teams.*
United States Police & Fire Championships	*A combination of hotel room pick-up reports and estimated room nights was used to project hotel room nights generated by the event; hotel pick-up reports reflected the rooms blocked for participating teams, staff, and sponsors; SDSC claimed additional estimated room nights based on survey results.*

1b. There was no attempt to identify only TMD room nights. SDSC used the TMD funding to staff the appropriate business development and sales personnel to secure the events. Without the TMD funding, SDSC states there would not have been enough staff to pursue the events that were brought to San Diego. Only the TMD funding was taken into account in the calculation of ROI. However, SDSC receives funding from other sources and did not attempt to isolate the effect that the TMD funding had on the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission: Base (continued)

Finding

2a. We were unable to trace the ADR's used in the detailed ROI calculation to the San Diego City Performance Report provided by STR. San Diego Sports Commission used the ADR's obtained from SDTMD at the time of ROI reporting based on 2012 San Diego Hotel Sector Forecasts published by Tourism Economics, a division of a global economics firm that conducts forecasts for STR. We have calculated the revised ROI for the months of the events as follows:

Month	Reported ADR	Revised ADR
July 2011	123.83	154.14
August 2011	123.83	135.52
September 2011	123.83	128.87
November 2011	129.22	120.94
December 2011	129.22	121.90
January 2012	139.23	125.33
February 2012	139.23	130.91
March 2012	139.23	139.41
April 2012	127.56	132.52
May 2012	127.56	135.23
June 2012	127.56	143.03

2b.i. We traced TRN from hotel pickup reports and found the following discrepancies:

Event Name	Discrepancy
San Diego Classic	Claimed 1,837 room nights, however, pick-up reports show 1,817, a decrease of 20.
So-Cal Amateur Softball Association Annual Meetings	Claimed 90 room nights, however, pick-up reports show 95, an increase of 5.
2011 Carrier Classic	Claimed 1,097 room nights, however, pick-up reports show 377, a decrease of 720.
Surf College Cup	Claimed 3,515 room nights, however, pick-up reports show 5,427, an increase of 1,912.
Nomads Thanksgiving Tournament	Claimed 3,799 room nights, however, pick-up reports show 3,315, a decrease of 484.
San Diego County Credit Union Poinsettia Bowl	Claimed 1,521 room nights, however, pick-up reports show 1,313, a decrease of 208.

We have included the net increase of 485 room nights in our revised ROI calculation below.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission: Base (continued)

<u>**Finding (continued)**</u>

2b.ii. We obtained a sample of hotel pick-up reports and agreed to the hotel room nights reported by SDSC except for the discrepancies described in procedure 2b.i. above.

2b.iii. SDSC does not prepare a report that summarizes TRN by TMD hotel property.

2c.i. As discussed in procedure 1a above, total estimated room nights were calculated based on surveys of attendees conducted by event staff and data obtained was used to project room nights based on attendance figures and ticket sales obtained from the event organizers.

2c.ii. We have agreed the beginning attendance numbers for events that used surveys to project ROI. San Diego Sports Commission has had a Management change since the events took place and were unable to provide us with the supporting documents to verify the percentages used in extrapolating TRN for the following events:

Event Name	Projected TRN based on surveys
ASA 18U Gold National Championship- Softball	*6,357*
Perfect Game All-American Classic	*3,436*
ABA BMX US Open Nationals	*2,704*
USA BMX So Cal Nationals & UCI/BMX Supercross	*3,878*
United States Police & Fire Championships	*1,482*

2c.iii. TRN data was collected and summarized internally. No outside sources were used.

2c.iv. We traced original attendance numbers to the TRN calculations but were unable to gather supporting documentation for the remainder of the TRN calculations, such as surveys conducted during events as described in procedure 1a above.

2d. The funding amount reported by TMD was $561,800 for FY2012 annual funding, which agrees to the amount used by SDSC its detailed ROI calculation.

2e. We recalculated ROI using the TRN from the data collected by SDSC, the ADR from the San Diego ConVis Industry Summary and the actual TMD funding reimbursement. The discrepancies were described in procedure 2a, 2b.i and 2c.ii above. With a consideration of the aforementioned discrepancies, we arrived at the revised the total hotel revenue of $6,640,956. The revised ROI 11.82:1, 0.46 higher than originally stated in the FY 2012 Annual ROI Report, which was 11.36:1.

<u>**Procedure**</u>

3. Provide schedule comparing ROI calculations for similar programs.

<u>**Finding**</u>

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission – SDSEA America's Cup World Series

<u>Procedure</u>

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

<u>Finding</u>

1a. We obtained a copy of the FY 2012 Final Report for San Diego Sports Commission – SDSEA America's Cup World Series ("SDSEA-ACWS"). TRN were calculated based on actual hotel pickup reports and estimated room nights based on intercept surveys of spectators conducted at the event site. Hotel pickup reports provided by TMD hotels were used to track actual room block utilization by staff and team personnel. To estimate hotel room nights for spectators, VisionQuest conducted on-site intercept surveys during the days of the event.

1b. There was no attempt to identify only TMD room nights. SDSEA-ACWS used TMD funding to staff the appropriate business development and sales personnel to secure the events. SDSEA-ACWS states that without this funding, there would not have been enough staff to pursue the event that was brought to San Diego. Only TMD funding was taken into account in the calculation of ROI. However, SDSEA-ACWS receives funding from other sources and did not attempt to isolate the effect that TMD funding had on the ROI calculation.

<u>Procedure</u>

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission – SDSEA America's Cup World Series (continued)

<u>Procedure (continued)</u>

d. Agree funding amount to award contract.
e. Recalculate ROI and report any discrepancies or mathematical errors.

<u>Finding</u>

2a. We were unable to trace the ADR of $129.93 used in the detailed ROI calculation to the San Diego City Performance Report provided by STR. The City of ADR for November 2011 (the month the event was held) in the San Diego City Performance Report was $120.94. SDSEA-ACWS used the ADR of $129.93 obtained from SDTMD at the time of ROI reporting based on 2012 San Diego Hotel Sector Forecasts published by Tourism Economics, a division of a global economics firm that conducts forecasts for STR. If we used the ADR from the San Diego City Performance Report, the total hotel revenue would be decreased by $87,967.

2b.i Staff and team room nights were calculated based on actual rooms collected from hotel pickup report provided by TMD hotels. We obtained the hotel pickup reports and traced to the staff and team room nights reported in the FY 2012 SDSEA-ACWS Final Report. However, the ROI calculation in the summary presented in the FY 2012 Annual ROI Report provided by TMD does not include staff and team room nights of 6,343 reported in SDSEA-ACWS's Final Report.

2b.ii We obtained hotel pickup reports for the actual room nights generated and found that the hotel room nights claimed by SDSEA-ACWS were 6,343 while actual hotel pickup report reflected 6,360, 17 room nights more than reported by SDSEA-ACWS in its Final Report.

2b.iii See Schedule E attached.

2c.i VisionQuest conducted intercept surveys of randomly-selected attendees during the days of the event. Survey questions were aimed at identifying whether or not attendees were staying at a hotel during their visit and whether or not SDSEA-ACWS was the main reason for their stay. The surveys also asked of attendees how many nights they would stay in a hotel, how many days they would attend the event, and how often they would leave and return to the event each day to estimate a turnover factor, which removes the possibility of double counting the number of spectators in the calculation of TRN. 712 usable responses were collected and analyzed by VisionQuest. Based on the attendance figures provided by SDSEA-ACWS and the surveys, VisionQuest estimated the number of non-local attendees to be 75,024. The surveys also projected that 55.3% of the non-local attendees came to San Diego for the primary purpose of attending the SDSEA-ACWS. Of these non-local attendees, 94% stayed in a hotel. The result was divided by the number of average days attended of 3.4 and the turnover factor of 1.99 to estimate the number of non-local spectators staying in hotels for the event. The average of 3.48 room nights per stay was multiplied by the number of non-local spectators staying in hotels for the event and divided by 2.05 due to the fact that most people shared rooms and resulted in an estimated spectator room nights of 9,785. VisionQuest does not currently identify that all hotels are within the TMD district but a small sub-sample of surveyed attendees were asked their hotel name which was cross-matched with the list of TMD properties. VisionQuest feels confident that the majority of hotels where room nights were generated are TMD properties. There was no estimate of non-TMD hotels

San Diego Sports Commission – SDSEA America's Cup World Series (continued)

Finding (continued)

made in the ROI calculation. VisionQuest designed the criteria used in the report and believes the measurement of estimated room nights was appropriate.

2c.ii This procedure is not applicable. We relied on the 2011 America's Cup World Series Spectator Room Night Analysis provided by VisionQuest for the total number of spectator hotel room nights reported in the ROI calculation.

2c.iii The TRN data was generated by VisionQuest. We obtained a copy of the report on the spectator room night analysis regarding the FY 2012 SDSEA-ACWS.

2c.iv We recalculated and traced the TRN calculations from the source data collected by VisionQuest to the FY 2012 SDSEA-ACWS's Final Report.

2d. The funding amount reported by TMD was $300,000 for FY2012 annual funding, which agrees to the amount requested by SDSEA-ACWS in its award contract. We agreed the funding amount to the amount used in the calculation of the ROI.

2e. We recalculated the ROI using the TRN from the data collected by VisionQuest and hotel pickup reports, the ADR from the San Diego City Performance Report, and the TMD funding reimbursement. The ROI calculation in the summary presented in the FY 2012 Annual ROI Report provided by TMD includes only spectator room nights of 9,785 and does not take staff and team room nights into account. With a consideration of the discrepancies described in procedure 2a, 2b.i, and 2b.ii above, we arrived at the revised total hotel revenue of $1,952,576. The revised ROI is 6.51:1, 2.27 higher than stated in the summary presented in the FY 2012 Annual ROI Report provided by TMD, which was 4.24:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission - ECNL Soccer

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a. We obtained a copy of the detailed ROI calculation for San Diego Sports Commission - ECNL Soccer ("ECNL"). TRN were calculated based on actual hotel room nights from hotel pickup reports provided by TMD hotels that were used to track actual room block utilization.

1b. ECNL used TMD funding to staff the appropriate business development and sales personnel to secure the events. Only TMD funding was taken into account in the calculation of ROI. However, ECNL did not attempt to isolate the effect that TMD funding had on the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Sports Commission - ECNL Soccer (continued)

Finding

2a. We agreed the average room rates used in the detailed ROI calculation to the City ADR of $139.23 for March 2012 (the month the event was held) in the San Diego City Performance Report provided by STR.

2b.i TRN were calculated based on actual hotel room nights from hotel pickup reports provided by TMD hotels to track actual room block utilization. We obtained the hotel pickup reports and traced the hotel room nights to ECNL's ROI calculation. ECNL claimed TRN of 4,242 while the hotel pickup reports reflected TRN of 3,825, a difference of 417 room nights, after removing non-TMD hotels.

2b.ii We traced the actual hotel room nights from the hotel pickup reports to the TRN reported by ECNL in its ROI calculation. The discrepancy we found is described in procedure 2b.i above.

2b.iii ECNL Soccer does not prepare a report that summarizes TRN by TMD hotel property.

2c. This procedure is not applicable. TRN is calculated based on actual room nights from hotel pickup reports.

2d. The funding amount reported by TMD was $32,000 for FY2012 annual funding, which agrees to the amount requested by ECNL in its award contract. We agreed the funding amount to the amount reported by ECNL Soccer in its detailed ROI calculation.

2e. We recalculated ROI using the TRN from the hotel pickup reports, the ADR from the San Diego City Performance Report, and the TMD funding. With a consideration of the discrepancy described in procedure 2b.i above, we arrived at the revised total hotel revenue of $532,555. The revised ROI is 16.65:1, 1.81 lower than stated in the summary presented in the FY 2012 Annual ROI Report, which was 18.46:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Bayfair - Thunderboats

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

1a.   TRN were calculated based on room nights generated from out-of-town spectators and participants who stayed in a hotel and came to San Diego specifically for the FY 2012 San Diego Bayfair event.   The information was collected based on intercept surveys conducted by San Diego Bayfair volunteers and analyzed by VisionQuest.

1b.   There was no attempt to identify only TMD room nights.   With TMD funding, San Diego Bayfair has been able to broaden the event and attract more out-of-town visitors to come to San Diego for the event.   Only TMD funding was taken into account in the ROI calculation.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

San Diego Bayfair – Thunderboats (continued)

<u>Finding</u>

2a.   We were unable to trace the ADR of $129.93 used in the detailed ROI calculation to the San Diego City Performance Report provided by STR. The City ADR for September 2011 (the month when the event was held) in the San Diego City Performance Report was $128.87. San Diego Bayfair used the ADR of $129.93 obtained from SDTMD at the time of ROI reporting based on 2012 San Diego Hotel Sector Forecasts published by Tourism Economics, a division of a global economics firm that conducts forecasts for STR. If we used the ADR from the San Diego City Performance Report, the total hotel revenue would be decreased by $13,901.

2b.   This procedure is not applicable. TRN is projected from surveys conducted and analyzed by VisionQuest.

2c.i.   Source data were collected through intercept surveys of out-of-town spectators and participants conducted by San Diego Bayfair volunteers during the San Diego Bayfair event. The surveys included questions regarding home location, whether or not the San Diego Bayfair event was the main reason for visiting, whether or not the attendees stayed in a hotel during their visit, and how many nights they would stay. 331 usable survey responses were collected. All data collected were processed and analyzed by VisionQuest. Attendance figures for the event were provided by San Diego Bayfair based on the number of entry bracelets purchased. Based on the attendance figures and the surveys, VisionQuest estimated the number of non-local attendees to be 18,081. The surveys also projected that 91.4% of the non-local attendees came to San Diego for the primary purpose of attending the San Diego Bayfair event. Of these non-local attendees, 38.9% stayed in a hotel for an average of 3.86 room nights. The results were divided by 1.9 due to the fact that most people share rooms and resulted in estimated TRN of 13,060. VisionQuest does not currently identify that all hotels are within the TMD district but cross-matched a sample of hotels where the attendees stayed with the list of TMD properties and feel confident that the majority of hotels where room nights were generated are TMD properties. There was no estimate of non-TMD hotels made in the ROI calculation. VisionQuest designed the criteria used in the report and believe the measurement of estimated room nights was appropriate. There were two assumptions made in estimation of room nights generated, which were that sampling techniques used by the volunteers in the data collection were proper and that the attendance figures provided by San Diego Bayfair were accurate.

2c.ii. This procedure is not applicable. We relied on the 2011 Bayfair Room Night Analysis provided by VisionQuest for the total number of hotel room nights reported in the ROI calculation.

2c.iii.   The TRN data was generated by VisionQuest. We obtained a copy of the report on the room night analysis regarding the FY 2012 San Diego Bayfair event.

2c.iv.   We recalculated and traced the TRN calculations to the source data collected by San Diego Bayfair volunteers and analyzed by VisionQuest as described in procedure 2c.i above and agreed to the ROI calculation.

2d.   The funding amount reported by TMD was $50,000 for FY 2012 annual funding, which agrees to the amount requested by San Diego Bayfair in its award contract. However, per the

San Diego Bayfair – Thunderboats (continued)

Finding (continued)

TMD audit, San Diego Bayfair only had reimbursement of $29,000, $21,000 less than originally reported by San Diego Bayfair in its ROI calculation.

2e.   We recalculated the ROI of 33.9:1 using the TRN from the data collected by VisionQuest, the ADR from the San Diego City Performance Report, and the actual TMD funding reimbursement. The discrepancies were described in procedure 2a and 2d above. With a consideration of these discrepancies, we arrived at the revised total hotel revenue of $1,683,042. The revised ROI is 58.03:1, 24.10 higher than originally stated in the summary presented in the FY 2012 Annual ROI Report provided by TMD, which was 33.93:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Maritime Museum – Three Voyages to Paradise Program

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

> *1a. We obtained a copy of the detailed ROI calculation for San Diego Maritime Museum – Three Voyages to Paradise. TRN were calculated based on room nights generated from the number of additional individuals who visited the museum specifically for the Three Voyages to Paradise exhibit and stayed in a hotel within the City of San Diego. The information is collected based on the museum's historical record of monthly attendance admissions and intercept surveys conducted by museum staff and analyzed by James Marshall, a professor with San Diego State University.*

> *1b. There was no attempt to isolate only TMD room nights associated with the TMD funding. Without the TMD funding, San Diego Maritime Museum would have room nights generated but would not have realized a significant increase in attendance admissions and hotel room revenue related to the Three Voyages to Paradise exhibit. Only the TMD funding was taken into account in calculating ROI.*

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Maritime Museum – Three Voyages to Paradise Program (continued)

<u>Finding</u>

2a.   We were unable to trace the ADR of $124 used in the detailed ROI calculation to the San Diego City Performance Report provided by STR. San Diego Maritime Museum used the ADR of $124 obtained from San Diego County Visitor Industry Summary for the year of 2009 at the time they submitted the TMD funding request for FY 2012. The average of the City ADR for June 2011 through July 2012, the period the Three Voyages to Paradise exhibit was presented, in the San Diego City Performance Report was $135.57. If we used the average of the City ADR for the exhibit period from the San Diego City Performance Report, the total hotel revenue would be increased by $53,025.

2b.   This procedure is not applicable. TRN is projected from surveys conducted by museum staff and analyzed by James Marshall.

2c.i. San Diego Maritime Museum maintains a record of monthly attendance admissions. Museum staff compared the number of attendance admissions for the Three Voyages to Paradise exhibition time period, June 2011 through July 2012, to the same month in the prior year and calculated the year-over-year differences in monthly gate counts. For June and July 2012, the attendance from June and July 2010 was used as a baseline since the exhibition was in place in June and July of 2011. Only increases in the number of monthly attendance admissions to the museum were included in the calculation of hotel room nights. San Diego Maritime Museum designed and conducted intercept surveys to random attendees at the exhibit to collect source data used in calculating TRN. The survey included questions regarding home location, size of visitor's group, how they heard about the exhibit, how much the museum or the exhibit influenced their visit to San Diego, whether they stayed in a hotel in San Diego and the length of their visit to San Diego. A total of 2,260 surveys were completed during the exhibit period. James Marshall team conducted all data entry and analyzed the survey results. Based on the survey results, they calculated the percentage of survey participants who indicated that they were staying in a hotel within City of San Diego for each month during the exhibit period. The monthly percentage of people staying in a San Diego hotel during their visit was multiplied by the number of the monthly increase in attendance admissions to project the estimated number of San Diego hotel visitors during the period. The number of hotel visitors was divided by 2.1 due to the fact that most people share rooms and resulted in estimated TRN of 4,583. Although the survey results indicated that nearly half of the respondents were staying for six or more nights in San Diego during their visit, San Diego Maritime Museum assumes only one night per stay in the calculation of TRN. San Diego Maritime Museum does not identify TMD room nights generated from the Three Voyages to Paradise exhibit attributed to the marketing efforts with the TMD funding.

2c.ii. This procedure is not applicable. We relied on the data analysis provided by James Marshall for the total number of hotel room nights reported in the ROI calculation.

2c.iii. The TRN data was generated by James Marshall. His analysis is included in the FY 2012 Annual ROI Report provided by San Diego Maritime Museum.

2c.iv. We recalculated and traced the TRN calculations to the source data collected by San Diego Maritime Museum and analyzed by James Marshall as described in procedure 2c.i above and agreed to the ROI calculation.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Maritime Museum – Three Voyages to Paradise Program (continued)

<u>**Finding (continued)**</u>

2d. The funding amount reported by TMD was $100,000 for FY2012 annual funding, which agrees to the amount requested by San Diego Maritime Museum in its award contract. We agreed the funding amount to the amount reported by San Diego Maritime Museum in its detailed ROI calculation.

2e. We recalculated ROI using the TRN from the data collected by San Diego Maritime Museum and analyzed by James Marshall, the average of the City ADR for the exhibit period from the San Diego City Performance Report, and the TMD funding. The discrepancy was described in procedure 2a above. With a consideration of the discrepancy, we arrived at the revised the total hotel revenue of $621,317. The revised ROI is 6.21:1, 0.53 higher than originally stated in the San Diego Maritime Museum Annual ROI Report, which was 5.68:1.

<u>**Procedure**</u>

3. Provide schedule comparing ROI calculations for similar programs.

<u>**Finding**</u>

See Schedule A, attached.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Natural History Museum - Titanic Artifact Exhibit

Procedure

1. Obtain recipient detailed ROI calculation and supporting source data used in the calculation. Report on the following:
   a. Method used in calculating total room nights (TRN).
   b. How incremental room nights were taken into account.

Finding

> 1a. We obtained a copy of the detailed ROI calculation for San Diego Natural History Museum – Titanic Artifact Exhibit ("Titanic"). TRN were calculated based on room nights generated from out-of-town attendees who stayed in a hotel and whose hotel stay in San Diego is specifically attributable to Titanic Artifact Exhibit. The information was collected based on intercept surveys and a web-based survey conducted and analyzed by San Diego State University-L. Robert Payne School of Hospitality and Tourism Management ("SDSU").

> 1b. TMD funding allowed Titanic to strengthen out-of-market advertising which resulted in increased hotel stays. In order to estimate the effect of incremental room nights, during the survey, SDSU asked the attendees to indicate the extent to which Titanic influenced their stay in San Diego.

Procedure

2. Test ROI calculation:
   a. Trace Average Daily Rate (ADR) used in calculation to approved rate per contract or other approved source such as San Diego City ADR from Smith Travel Research, actual room rates per booking reports, etc.
   b. For definite room nights captured through mandatory hotel block bookings and online hotel bookings by Online Travel Agencies (OTAs) and hotel booking engines such as Advanced Reservation Systems (ARES):
      i. Obtain report from outside hotel or online booking agent and agree to the TRN detail used in ROI calculation.
      ii. For hotel blocks select a sample of recipient data and re-perform procedure. Summarize any variances noted.
      iii. If production report summarizing TRN by TMD hotel is available, provide schedule.
   c. For TRN projected from sample data:
      i. Describe how source data used in extrapolation was collected. Describe criteria used, assumptions made and procedures performed to calculate TRN.
      ii. Obtain detail of data collected by recipient. If applicable, select a sample and re-perform procedure.
      iii. If TRN data is generated or validated by an outside consultant, obtain report.
      iv. Recalculate projected TRN from source data and trace to the ROI summary calculation.
   d. Agree funding amount to award contract.
   e. Recalculate ROI and report any discrepancies or mathematical errors.

To the Board of Directors
San Diego Tourism Marketing District

San Diego Natural History Museum - Titanic Artifact Exhibit (continued)

<u>Finding</u>

2a. The ADR of $150.34 used in the detailed ROI calculation is the mean ADR of the data collected directly from the surveys during the event period.

2b.This procedure is not applicable. TRN is projected from surveys conducted and analyzed by SDSU.

2c.i. Titanic used intercept surveys and a web-based survey to project hotel room nights during the event period. The SDSU interviewers performed intercept surveys on random days throughout the event. The survey included questions regarding home location, if the attendee was staying in a hotel, where the hotel was located, to what extent Titanic influenced their stay in San Diego, and TRN during their stay. Among all of the intercept surveys, some 998 responses were usable responses. In addition to the intercept survey, a web-based survey was conducted by SDSU to complement the on-site intercept surveys. The survey was emailed directly to those who came to Titanic and consisted of the same questions asked during the intercept surveys. The web-based survey excluded attendees who had previously answered hotel-related questions at on-site intercept surveys. Of 10,630 email survey requests sent out, 1,841, or 17.3%, were usable responses. The two types of surveys produced a total of 2,839 usable survey responses. Only survey responses from attendees whose stay was a direct result of Titanic were included in the TRN calculation. All data collected were processed and analyzed by SDSU. Based on the surveys, SDSU estimated that 34.1% of the respondents were non-local attendees and that 33.8% of the non-local attendees stayed in a hotel for an average of 3.34 room nights. The survey also indicated that 30.71% of respondents stayed in San Diego for the primary purpose of attending Titanic. These estimated percentages were extrapolated to all attendance figures for Titanic provided by San Diego Natural History Museum. The results were divided by 2.53 due to the fact that most people share rooms and resulted in an estimated TRN of 7,538 for the event. SDSU does not currently identify that all hotels are within the TMD district but a small sub-sample of surveyed attendees was asked their hotel name during data collection and the hotel was cross-matched with the list of TMD properties. Based on the sub-sample, SDSU feels confident that the majority of hotels where room nights were generated are TMD properties. There was no estimate of non-TMD hotels made in the ROI calculation. SDSU designed the criteria used in the surveys and the analysis report and believed the measurement of estimated room nights was appropriate.

2c.ii. This procedure is not applicable. We relied on the San Diego Natural History Museum Room Night Analysis for Titanic the Artifact Exhibition provided by SDSU for the total number of hotel room nights reported in the ROI calculation.

2c.iii. The TRN data was generated by SDSU. We obtained a copy of two reports on Room Night Analysis for Titanic the Artifact Exhibition, dated August 31, 2012 and September 9, 2012, respectively.

2c.iv. We recalculated and traced the TRN calculations to the source data collected and analyzed by SDSU as described in procedure 2c.i above. Titanic originally reported 7,538 hotel room nights based on the Room Night Analysis for Titanic the Artifact Exhibition, dated August 31, 2012. Per the personnel at the San Diego Natural History Museum, final attendance numbers were finalized at the conclusion of the exhibit which was after the TMD

San Diego Natural History Museum - Titanic Artifact Exhibit (continued)

Finding (continued)

funding project reporting period, and thus there were additional attendance numbers to those previously stated in the Room Night Analysis for Titanic the Artifact Exhibition. The final attendance number announced by Titanic is 180,077, which resulted in an estimate of 8,415 hotel room nights, 877 room nights more than originally reported in the Titanic Final ROI Report.

2d. The funding amount reported by TMD was $187,500 for FY2012 annual funding, which agrees to the amount requested by Titanic in its award contract. However, Titanic used actual reimbursements of $162,594, $24,906 less than the total funding requested, in its detailed ROI calculation.

2e. We recalculated ROI using the TRN and ADR from the data collected by SDSU and the actual TMD funding reimbursement. The discrepancies were described in procedures 2c.iv and 2d above. With a consideration of the aforementioned discrepancies, we arrived at the revised total hotel revenue of $1,265,111. The revised ROI is 7.78:1, 1.74 higher than originally stated in the Titanic Final ROI Report, which was 6.04:1.

Procedure

3. Provide schedule comparing ROI calculations for similar programs.

Finding

See Schedule A, attached.

SCHEDULE A - PROGRAM COMPARISONS

| | Type of Marketing | | | | | | | | | | | | |
	Media (Radio, TV)	Print (Magazine, paper)	Online banner	Website	Trade shows	Sponsored events	Total Room Nights (TRN)	How TRN was calculated (Source)	Average Daily Rate (ADR)	How ADR was determined (Source)	ROI in Budgets vs. Actual	Were only TMD room nights estimated in ROI calculation	How program takes "incremental" room nights into account
California State Games		X		X		X	Reported: 25,823. Revised: 28,877.	For 2011 Summer Games and 2012 Winter Games, TRN was estimated based on the number of out-of-town athletes/teams from the CSG registration database of athletes/teams that showed where they were traveling from, the location of the hotel they stayed at, and how many days they stayed. Of 28,877 total room nights projected, 6,246 were actual hotel room nights from host hotel room block reports.	2011 Summer Games : $127.52 was used in the ROI calculation reported to TMD. Recalculated average actual room rate of hotel room blocks was $126.25. 2011 Winter Games: Average actual room rate of hotel room blocks of $122.46 was used. National State Games Symposium: Actual room rate from the hotel pickup report of $118.08 was used.	ADR used in the ROI calculation was the weighted average room rate calculated from actual room rates times the room nights by hotel.	Budgeted ROI: 24.8:1. Reported ROI: 26.25:1. Revised ROI based on procedures: 28.98:1.	Although CSG actual TRN included room blocks at TMD hotels only, estimated TRN were estimated with no attempt to isolate only TMD room nights.	Although most of the host hotels are within the TMD and all the venues are close to TMD hotels, the CSG estimated the TRN without attempting to isolate only TMD room nights.
Competitor Group - Rock & Roll Marathon and 1/2 Marathon		X		X			Reported: 53,401 Revised: 54,410	TRN were calculated based on the 2012 post-race participant survey conducted via emails to all finishers and the economic impact study by San Diego State University Sports MBA Program. CGI also obtained hotel room block reports reflecting realized TMD room nights to provide further support of actual room nights included in the total estimated room nights from the survey result.	$168.05	ADR of $168.05 was the average of the actual room rates collected from the survey.	Budgeted ROI: 22.6:1 Reported ROI: 25.0:1 Revised ROI based on procedures: 26.12:1	There would have been room nights generated from the event regardless of TMD funding. The economic impact study by SDSU-MBA reflected 54,410 room nights for participants and visitors attributable to all the marketing effort. TMD funding only represented 7% of the operating budget of CGI.	CGI estimated incremental TMD room nights by asking the participants how they learned about this event. The survey result reflected 36% of participants learned about the event from the marketing tools attributed to TMD funding and resulted in 11,625 participant room nights due to the impact of TMD funding. Incremental ROI based on this estimate is 5.58:1.
San Diego Brewers Guild: Beer Week	X	X	X	X		X	3,612	TRN was generated from 139 actual room nights reported as part of web survey and 3,473 estimated room nights projected from intercept surveys conducted by Beer Week volunteers during the events and analyzed by VisionQuest. Only respondents who stayed in a hotel within the TMD district and came to San Diego specifically for Beer Week were included to determine estimated room nights per event. The result was multiplied by the actual number of events to project TRN.	ADR used in the ROI calculation was $129.93, obtained from VisionQuest. The San Diego ConVis Industry Summary shows $120.94 as City ADR for November 2011 (the month when the event was held).	ADR used in the revised ROI calculation was City ADR from San Diego ConVis Industry Summary for November 2011, the month the event took place.	Budgeted ROI: 4.13:1. Reported ROI: 7:1. Revised ROI based on procedures: 6.41:1.	VisionQuest indicated in the report that the data did not delineate that all room nights were consumed in TMD hotels, although the majority of TRN seemed to be within City of San Diego.	Beer Week stated that there would have been no room nights generated without TMD funding.
San Diego Bay Wine & Food Festival	X	X	X	X		X	Reported: 6,125, which is the average of a TRN range of 4,130 - 8,120.	TRN was gathered by an online survey through Complete Ticket Solutions (CTS) at the time of ticket purchase. Conference Housing was used to collect room nights generated within the room blocks. For room nights outside the room blocks, post-event surveys were conducted among exhibitors/sponsors and trade/media representatives to measure other hotel room nights. Data collected by the Festival management was submitted to SDSU Hospitality and Tourism Research for an independent review and analysis of hotel room nights. Included in the TRN reported are 298 actual room nights reported by Conference Housing.	The weighted average room rate for actual room blocks booked through Conference Housing of $170.00 was used in the ROI calculation reported to TMD.	ADR was determined using the weighted average room rate for actual room blocks booked through Conference Housing.	Budgeted ROI: 4.56:1 Reported ROI: 13.84:1 ROI estimated by Procedures: 14.68:1	SDSU indicated in the report that the data did not delineate that all room nights were consumed in TMD hotels, although the majority of TRN seemed to be within City of San Diego.	The incremental room nights were not isolated in the ROI calculation.
San Diego Bowl Game Association	X					X	36,393	TRN was estimated for spectators based on a study performed by SDSU Hospitality and Tourism Research. During the study, SDSU conducted surveys among attendees to the bowl games to estimate the number of people staying at a hotel and average room nights per stay to project TRN. Only attendees who came to San Diego specifically for the bowl games were used in the calculation. TRN for teams and bands were based on actual hotel pick up reports.	$116.27 used in the ROI calculation reported to TMD was the average ADR for the two games.	The survey by SDSU reflected an ADR of $115.53 for the Holiday Bowl and an ADR of $117 for the Poinsettia Bowl. The ADR was determined by the average of the two rates rather than a weighted average ADR. TMD has not defined the average rate calculation method.	Budgeted ROI:11.49 Reported ROI: 9.40:1	Bowl game teams and bands hotel pick-up reports are based on TMD hotels. SDSU estimated hotel room nights for spectators but did not attempt to estimate the number of TMD room nights associated with the travelers.	During the survey SDSU removed those people who would have come to San Diego regardless of the bowl games from the room night calculation but did not attempt to identify only TMD room nights. Incremental room nights were not isolated in the ROI calculation.

	Type of Marketing												
	Media (Radio, TV)	Print (Magazine, paper)	Online banner	Website	Trade shows	Sponsored events	Total Room Nights (TRN)	How TRN was calculated (Source)	Average Daily Rate (ADR)	How ADR was determined (Source)	ROI in Budgets vs. Actual	Were only TMD room nights estimated in ROI calculation	How program takes "incremental" room nights into account
San Diego Crew Classic	X	X		X		X	Reported: 10,015 Revised: 9,218	Estimates of participant room nights were based on surverys at the mandatory check-in among crew participants and historical experience of how many people per boat and 2 people sharing a room. Estimates of spectator room nights were based on a study by VisionQuest. VisionQuest estimated room nights of spectators by conducting intercept surveys at the event. TRN combined 3,667 participant room nights and 5,551 spectator room nights.	ADR used in the ROI calculation was $146.15, obtained from VisionQuest. The average of actual room rates obtained from participating hotels was $132.98.	ADR used in revised ROI was determined by the average of actual room rates obtained from participating hotels.	Budgeted ROI: 5.40:1 Reported ROI: 6.50:1 Revised ROI based on procedures: 6.09:1	The event generated 137 participant room nights in hotels outside the TMD area or at unknown locations. These room nights were included in the ROI calculation reported to TMD but removed from the revised ROI based on procedures calculation. For spectators, TRN were projected from surveys conducted and analyzed by VisionQuest with no attempt to identify only TMD room nights.	Without TMD funding, Crew Classic would have hotel room nights generated but registration numbers would have remained static.
San Diego Sports Commission - Base						X	Reported: 48,972 Revised: 49,457	For some events, TRN was collected by hotel room block reports. For other events, TRN was projected from survey results to the number in attendance at the event. RRR was unable to verify the estimated room nights due to the fact that the survey results were not available. TRN was generated from 31,600 actual room nights and 17,857 estimated room nights.	ADR used for each event varied by the month the event occurred.	ADR was obtained from the San Diego ConVis Industry Summary for the month the event occurred.	Budgeted ROI: 9.07:1. Reported ROI: 11.36:1. Revised ROI based on Procedures: 11.82:1 .	Hotel room block reports identified TMD hotels. TRN projected from survey results did not attempt to estimate only TMD room nights.	Incremental room nights were not isolated in the ROI calculation.
San Diego Sports Commission - SDSEA America's Cup World Series	X	X		X		X	Reported: 9,785 Revised: 16,145	TRN was calculated based on 6,360 actual room nights from hotel pickup reports and 9,785 estimated room nights based on intercept surveys among fan attendees at the event.	ADR used in the ROI calculation was $129.93, obtained from the SDTMD based on San Diego Hotel Sector Forecasts published by Tourism Economics. The revised ROI calculation uses the ADR from the San Diego ConVis Industry Summary for November 2011of $120.94.	ADR was obtained from the San Diego ConVis Industry Summary for November 2011, the month the event took place.	Budgeted ROI: Not provided. Reported ROI: 4.24:1. Revised: 6.51:1	Hotel room block reports identified TMD hotels. TRN projected from survey results did not attempt to estimate only TMD room nights.	Incremental room nights were not isolated in the ROI calculation.
San Diego Sports Commission - ECNL Soccer						X	Reported: 4,242 Revised: 3,825	TRN were calculated based on actual room nights from hotel pickup reports.	$139.23	ADR was obtained from the San Diego ConVis Industry Summary for March 2012, the month the event took place.	Budgeted ROI: Not provided Reported ROI: 18.46:1 Revised ROI based on Procedures: 16.65:1	The event generated 414 room nights in hotels outside the TMD area. These room nights were included in the ROI calculation reported to TMD but removed from the revised ROI based on procedures.	Incremental room nights were not isolated in the ROI calculation.
San Diego Bayfair - Thunderboats	X						13,060	TRN was estimated based on intercept surveys conducted by San Diego Bayfair volunteers and calculated based on out-of-town spectators and participants who stayed in a hotel and came to San Diego specifically for the FY 2012 San Diego Bayfair event.	$128.87	ADR of $128.87 was obtained from San Diego ConVis Industry Summary for September 2011, the month the events occurred.	Budgeted ROI: Not provided Reported ROI: 33.93:1 Revised ROI based on procedures: 58.03:1.	SDSC projected TRN from the survey with no attempt to identify only TMD room nights.	Incremental room nights were not isolated in the ROI calculation.
San Diego Maritime Museum - Three Voyages to Paradise		X	X				4,583	TRN was estimated based on the number of additional individuals who visited the museum specifically for the Three Voyages to Paradise exhibit and stayed in a hotel within the city of San Diego.	$135.57	ADR used is the average of the City ADR for June 2011 through July 2012, the period the exhibit was presented, in the San Diego City performance Report.	Budgeted ROI: 38.9:1 Reported ROI: 5.68:1	TRN is projected from the survey with no attempt to identify only TMD room nights.	Incremental room nights were not isolated in the ROI calculation.
San Diego Natural History Museum - Titanic Artifact Exhibit	X	X		X		X	Reported: 7,538 Revised: 8,415	TRN were estimated based on room nights generated from out-of-town attendees who stayed in a hotel and whose hotel stay in San Diego is specifically attributable to Titanic Artifact Exhibit. The information was collected based on intercept surveys and a web-based survey conducted and analyzed by San Diego State University-L. Robert Payne School of Hospitality and Tourism Management ("SDSU").	$150.34	ADR used is the average of the actual room rates collected from the survey.	Budgeted ROI: 10.1:1 Reported ROI: 6.04:1 Revised ROI based on procedures: 7.78:1	The San Diego Natural History Museum projected TRN from the survey with no attempt to identify only TMD room nights.	Incremental room nights were not isolated in the ROI calculation.

SCHEDULE B - CALIFORNIA STATE GAMES PRODUCTION REPORT OF TRN BY TMD HOTELS

Schedule B: FY 2012 California State Games TRN by TMD Hotels
Year Ending June 30, 2012

Hotel Name	Hotel Room Nights
Bahia Hotel	126
Comfort Inn & Suites- Zoo/Sea	41
Comfort Suites- Otay Mesa	79
Country Inn & Suites	132
Courtyard Marriott- SD Central	603
Courtyard Marriott RB	429
Courtyard Marriott-Mission Valley	111
Crowne Plaza	186
Doubletree Club San Diego	99
Doubletree Golf Resort	332
Doubletree Hotel- Hotel Circle	116
Embassy Suites- La Jolla	206
Hilton Garden RB	202
Holiday Inn Rancho Bernardo	166
Porto Vista Hotel	101
Radisson Rancho Bernardo	594
Sheraton La Jolla	27
SpringHill Suites	208
Springhill Suites Scripps	204
Rancho Bernardo Inn	153
Residence Inn- Central	148
Residence Inn Rancho Bernardo	109
Residence Inn Scripps Poway	39
Town & Country	1,835
Total	6,246 *

* Amount is based on actual room blocks. Actual room nights of 6,246 is 22% of total estimated room nights of 28,877.

SCHEDULE C – COMPETITOR GROUP, INC. – ROCK "N" ROLL MARATHON AND ½ MARATHON
PRODUCTION REPORT OF TRN BY TMD HOTELS

Schedule C: Competitor Group, Inc. - Rock "n" Roll Marathon and 1/2 Marathon Production Report of TRN by TMD Hotels
Year Ending June 30, 2012

Hotel Name	Hotel Room Nights
The Bahia Resort Hotel	64
Best Western Yacht Harbor Hotel	73
The Bristol Hotel	84
Courtyard Marriott Old Town San Diego	77
The Dana on Mission Bay	90
Days Hotel, Hotel Circle	105
Doubletree Dowtown San Diego	107
Embassy Suites San Diego Bay	172
Fairfield Inn and Suites Marriott Old Town San Diego	65
Hard Rock Hotel San Diego	193
Hampton Inn by Hilton Downtown	59
Hampton Inn San Diego Airport Sea World	57
Hilton Gaslamp Quarter	189
Hilton San Diego Resort & Spa	48
Hilton San Diego Mission Valley	138
Holiday Inn San Diego Bayside	122
Hotel Solamar	70
Humphreys Half Moon Inn & Suites	163
Hyatt Regency Mission Bay	71
Marriott Mission Valley	20
Manchester Grand Hyatt	1,019
Omni San Diego Hotel	13
Porto Vista Hotel	115
Residence Inn San Diego Downtown	98
San Diego Marriott Gaslamp Quarter	57
Sheraton San Diego Hotel & Marina	275
Sheraton Suites San Diego at Symphony Hall	48
Town and Country Resort	53
W San Diego	30
Westin Gaslamp Quarter	74
Courtyard Marriott - LLS	209
Hilton Downtown Bayfront - LLS	1,061
Hotel Indigo - LLS	116
Manchester Grand Hyatt - LLS	1,119
Marriott Marina - LLS	518
Omni San Diego - LLS	281
US Grant - LLS	105
Westin Gaslamp - LLS	656
W Hotel San Diego - LLS	165
Total	**7,979** *

* Amount is based on actual room blocks. Actual room nights of 7,979 is 15% of total estimated room nights of 54,410.

SCHEDULE D – SAN DIEGO BOWL GAME ASSOCIATION PRODUCTION REPORT OF TRN BY TMD HOTELS

Schedule D: San Diego Bowl Game Association Production Report of TRN by TMD Hotels
Year Ending June 30, 2012

Hotel Name	Hotel Room Nights
Hilton San Diego Bayfront	999
W Hotel	312
San Diego Marriott Hotel & Marina	1,144
Hard Rock Hotel	246
Town and Country / Crown Plaza	1,293
Manchester Grand Hyatt	879
Bahia Hotel	208
Sheraton San Diego Hotel & Marina	557
Paradise Point Hotel	125
Total	**5,763** *

* Amount is based on actual room blocks. Actual room nights of 5,763 is 16% of total estimated room nights of 36,393.

SCHEDULE E – SAN DIEGO SPORTS COMMISSION - AMERICA'S CUP WORLD SERIES PRODUCTION
REPORT OF TRN BY TMD HOTELS

Schedule E: FY 2012 San Diego Sports Commission - SDSEA America's Cup World Series TRN by TMD Hotels
Year Ending June 30, 2012

Hotel Name	Hotel Room Nights
500 West	6
Best Western Plus Bayside Inn	6
Best Western Yacht Harbor Hotel	4
Comfort Inn Gaslamp/Convention Center	1
Embassy Suites San Diego Bay	5
Hampton Inn by Hilton San Diego Downtown	2
Harborview Inn and Suites	3
Hilton San Diego Airport/Harbor Island	5
Holiday Inn San Diego Bayside	7
Holiday Inn San Diego on the Bay	569
Manchester Grand Hyatt San Diego	651
Palomaro San Diego, a KimptonA: Hotel	7
Paradise Point Resort & Spa	2
Porto Vista Hotel	2
Ramada Inn & Suites Gaslamp/Conv. Ctr.-Historic St.James Hote	7
Residence In SD DT Gaslamp	1,392
San Diego Marriott Marquis & Marina	156
Sheraton San Diego Hotel & Marina	174
Sun Harbor Motel- San Diego Airport	2
The Bristol	253
The US Grant,San Diego	72
The Westgate Hotel	3
W San Diego	177
Westin Gaslamp Quarter San Diego	1
Westin San Diego	2,171
Total	**5,678** *

* Amount is based on actual room blocks. Actual room nights of 5,678 is 36% of total estimated room nights of 16,145.